

**TABLE A**  
**PROBABILITY OF PRERETIREMENT MORTALITY**

<u>Present Age</u>	<u>Male</u>	<u>Female</u>	<u>Present Age</u>	<u>Male</u>	<u>Female</u>
15	.0011	.0003	40	.0015	.0010
16	.0011	.0003	41	.0016	.0011
17	.0011	.0003	42	.0018	.0012
18	.0011	.0003	43	.0021	.0013
19	.0010	.0003	44	.0024	.0015
20	.0010	.0003	45	.0027	.0017
21	.0009	.0003	46	.0030	.0019
22	.0009	.0004	47	.0034	.0021
23	.0008	.0004	48	.0038	.0022
24	.0008	.0004	49	.0041	.0024
25	.0008	.0004	50	.0045	.0025
26	.0008	.0004	51	.0050	.0026
27	.0008	.0004	52	.0055	.0027
28	.0007	.0005	53	.0061	.0030
29	.0007	.0005	54	.0068	.0033
30	.0007	.0006	55	.0075	.0037
31	.0007	.0005	56	.0083	.0040
32	.0007	.0007	57	.0092	.0044
33	.0007	.0007	58	.0102	.0049
34	.0008	.0008	59	.0111	.0053
35	.0008	.0008	60	.0121	.0058
36	.0009	.0008	61	.0132	.0063
37	.0011	.0009	62	.0143	.0068
38	.0012	.0009	63	.0154	.0074
39	.0013	.0010	64	.0165	.0080
			65	.0177	.0086
			66	.0190	.0093
			67	.0202	.0101
			68	.0215	.0110
			69	.0228	.0119



**TABLE B****PROBABILITY OF POSTRETIREMENT MORTALITY**

<u>Present Age</u>	<u>Male</u>	<u>Female</u>	<u>Present Age</u>	<u>Male</u>	<u>Female</u>
30-45	.0313	.0218	75	.0463	.0281
46	.0265	.0180	76	.0504	.0311
47	.0222	.0148	77	.0547	.0344
48	.0185	.0120	78	.0592	.0381
49	.0153	.0097	79	.0641	.0422
50	.0129	.0080	80	.0694	.0467
51	.0110	.0067	81	.0754	.0518
52	.0097	.0059	82	.0821	.0574
53	.0090	.0055	83	.0899	.0638
54	.0087	.0054	84	.0986	.0709
55	.0087	.0055	85	.1082	.0786
56	.0090	.0058	86	.1188	.0869
57	.0095	.0063	87	.1307	.0958
58	.0101	.0067	88	.1435	.1052
59	.0108	.0072	89	.1574	.1155
60	.0116	.0077	90	.1726	.1269
61	.0125	.0082	91	.1887	.1398
62	.0135	.0087	92	.2059	.1547
63	.0146	.0092	93	.2242	.1718
64	.0158	.0098	94	.2432	.1921
65	.0172	.0105	95	.2663	.2131
66	.0188	.0114	96	.2916	.2364
67	.0206	.0125	97	.3184	.2623
68	.0228	.0138	98	.3478	.2910
69	.0252	.0152	99	.3800	.3229
70	.0281	.0169	100	.4151	.3582
71	.0312	.0187	101	.4535	.3974
72	.0347	.0208	102	.4954	.4409
73	.0384	.0230	103	.5408	.4884
74	.0423	.0254	104	.5905	.5411
			105	.6447	.5994
			106	.7038	.6640
			107	.7684	.7356
			108	.8389	.8149
			109	.9159	.9027
			110	1.0000	1.0000



TABLE C  
PROBABILITY OF WITHDRAWAL

MALE PARTICIPANTS

Entry Age	Service					
	0	5	10	15	20	25
15	.1970	.0280	.0112	.0080	.0049	.0050
20	.1851	.0252	.0110	.0079	.0060	.0042
25	.1573	.0180	.0099	.0060	.0042	
30	.1340	.0199	.0090	.0062	.0033	
35	.1189	.0150	.0062	.0043		
40	.1131	.0182	.0073	.0038		
45	.1134	.0143	.0038	.0007		
50	.1126	.0089	.0018			
55	.1042	.0108				

FEMALE PARTICIPANTS

Entry Age	Service					
	0	5	10	15	20	25
15	.2077	.0657	.0436	.0243	.0148	.0116
20	.1937	.0636	.0373	.0218	.0146	.0090
25	.1636	.0463	.0238	.0166	.0130	
30	.1343	.0348	.0186	.0160	.0107	
35	.1108	.0256	.0160	.0117		
40	.0926	.0230	.0137	.0075		
45	.0811	.0197	.0145	.0106		
50	.0788	.0176	.0156			
55	.0747	.0316				





**TABLE D**  
**PROBABILITY OF DISABILITY**

<u>Present Age</u>	<u>Male</u>	<u>Female</u>	<u>Present Age</u>	<u>Male</u>	<u>Female</u>
29	.0003	.0011	44	.0009	.0039
30	.0003	.0011	45	.0011	.0043
31	.0003	.0012	46	.0013	.0048
32	.0003	.0012	47	.0017	.0052
33	.0003	.0013	48	.0022	.0057
34	.0003	.0014	49	.0027	.0062
35	.0003	.0014	50	.0032	.0068
36	.0003	.0015	51	.0038	.0075
37	.0003	.0015	52	.0043	.0080
38	.0003	.0017	53	.0051	.0086
39	.0004	.0021	54	.0064	.0092
40	.0005	.0024	55	.0087	.0098
41	.0007	.0027	56	.0112	.0102
42	.0007	.0032	57	.0139	.0110
43	.0008	.0035	58	.0171	.0117
			59	.0202	.0125
			60	.0233	.0137
			61	.0262	.0150
			62	.0308	.0167
			63	.0356	.0188
			64	.0411	.0217





**TABLE E**  
**PROBABILITY OF RETIREMENT**

**MALE PARTICIPANTS**

Entry Age	Service							
	15	20	25	30	35	40	45	50
15				.018	.027	.058	.116	.300
20				.020	.053	.108	.300	1.000
25			.015	.039	.088	.300	1.000	
30			.026	.070	.300	1.000		
35		.042	.056	.300	1.000			
40		.065	.300	1.000				
45		.300	1.000					
50	.300	1.000						
55	1.000							

**FEMALE PARTICIPANTS**

Entry Age	Service							
	15	20	25	30	35	40	45	50
15				.051	.071	.116	.155	.300
20				.055	.104	.143	.300	1.000
25			.051	.087	.126	.300	1.000	
30			.085	.116	.300	1.000		
35		.109	.110	.300	1.000			
40		.126	.300	1.000				
45		.300	1.000					
50	.300	1.000						
55	1.000							



**TABLE F****Employer Cost Growth**

<u>Year</u>	<u>Net Medical</u>		<u>Net Dental</u>
	<u>Trend Rate</u>	<u>Inflation Rate</u>	
1993	16.0%	8.0%	5.0%
1994	14.0	8.0	4.5
1995	13.0	8.0	4.0
1996	12.0	7.0	3.5
1997	11.0	6.0	3.5
1998	10.5	5.5	3.5
1999	10.0	5.0	3.5
2000	9.5	4.5	3.5
2001	9.0	4.0	3.5
2002	8.5	3.5	3.5
2003	8.0	3.5	3.5
2004	7.5	3.5	3.5
2005	7.0	3.5	3.5
2006	6.5	3.5	3.5
2007	6.0	3.5	3.5
2008+	5.5	3.5	3.5



## OVERVIEW OF FAS 106





## OVERVIEW OF FAS 106

### Background

In December 1990, the Financial Accounting Standards Board finalized the accounting rules for postretirement benefits other than pensions in Statement of Financial Accounting Standards No. 106 ("FAS 106"). These rules, generally effective for the first fiscal year beginning after December 15, 1992, require employers to charge the cost of postretirement benefits (most notably postretirement medical benefits) against income over the working lifetimes of employees. This is in sharp contrast to the current practice of expensing postretirement benefit costs only when the related benefits are paid, which is after employees retire.

The new expense calculation considers expected future medical costs, not just the cost of benefits today. It also includes an accrual for all active employees, valuing the benefits they are anticipated to receive in retirement based on the likelihood that they will stay employed until eligible for postretirement benefits.

The combined effect of projecting medical cost increases and including the active work force produces a much larger expense than that determined under the current practice of expensing only current claims of current retirees.

### Scope of FAS 106

FAS 106 applies to all postretirement benefits other than pensions, including:

- Health care benefits--medical and dental,
- Life insurance outside of pension plan, and
- Other welfare benefits--day care, legal services, housing subsidies, tuition assistance, etc.

The statement applies to any arrangement that is in substance a postretirement benefit plan. It can be written or unwritten.

### Substantive Plan

The accounting for postretirement benefits is based upon the substantive plan, which is the plan as understood by the employer and employees. Generally, it is the written plan, but an employer's cost sharing policies as evidenced by past practice or communication to employees may differ from the written plan.



## OVERVIEW OF FAS 106 (Continued)

### FAS 106 Terminology

EXPECTED FUTURE BENEFITS CASH FLOW		
EXPECTED POSTRETIREMENT BENEFIT OBLIGATION (EPBO)		DISCOUNT
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO)	FUTURE SERVICE COST	
ASSETS AND RESERVES	UNRECOGNIZED APBO	FUTURE SERVICE COST

- The Expected Postretirement Benefit Obligation (EPBO) is the actuarial present value of all postretirement benefits expected to be paid to each employee and his/her covered dependents in the future. The calculation considers the probability that the employee will remain with the Company until retirement, the expected retirement age, and the anticipated level of medical claims at that time.

The EPBO is not used directly in the expense calculation nor is it disclosed. It is, however, a good measure of total exposure.

- The Accumulated Postretirement Benefit Obligation (APBO) is the portion of the EPBO that is attributed to employee service rendered prior to the valuation date:
  - For retired employees and actives who have reached their Full Eligibility Date, the APBO equals the EPBO.
  - For active employees not yet eligible for full benefits, the APBO equals a pro rata portion of the EPBO based on years of service worked prior to the valuation date to those expected to be worked at the Full Eligibility Date.

The APBO is used in the accounting calculations to establish the plan's funded status and to develop postretirement benefit expense.

- The Transition Obligation is the unfunded and unreserved portion of the APBO as of the date of initial application of the accounting standards.



## OVERVIEW OF FAS 106 (Continued)

- The Prior Service Cost is the increase or decrease in the APBO due to a plan amendment subsequent to initial application of the accounting standards. The Unrecognized Prior Service Cost is the portion of the Prior Service Cost that has not been recognized as a part of annual expense.
- The Service Cost is one-year's pro rata share of the EPBO for current active employees. There is no Service Cost for retirees or active employees who have already met the eligibility conditions for full benefits.
- The Discount Rate is the interest rate selected as of the measurement date to determine the present value of future cash outflow of postretirement payments. FASB suggests that employers should look to rates of return on high-quality, fixed-income investments currently available whose cash flows match the timing and amount of expected benefit payments.
- The Full Eligibility Date is the date at which an employee has rendered all service necessary to receive all of the benefits expected to be received by that employee.

The Attribution Period is the period to which EPBO is assigned. It begins at hire date and ends at the employee's Full Eligibility Date.

### Components of Expense

The components of expense ("net periodic postretirement benefit cost" using FAS 106 terminology) are:

- The Service Cost is the portion of the EPBO attributed to employee service during the fiscal period (again, attributing costs to full eligibility instead of over the whole service period).
- The Interest Cost accounts for the increase in the APBO due to the passage of time. It is calculated as interest on the APBO, less interest on expected benefit payments.
- The Expected Return on Plan Assets accounts for the expected earnings on certain plan assets set aside to provide benefits under these plans.



## OVERVIEW OF FAS 106 (Continued)

- The Transition Obligation is amortized on a straight-line basis over the average remaining service period of active plan participants, or 20 years if greater. Alternatively, an employer can choose to recognize the transition obligation immediately in the net income of the compliance year as the effect of a change in accounting principle. Note that a single method of transition must be used for all postretirement plans. Also, any phase-in recognition may not be less than pay-as-you-go accounting.
- The Prior Service Cost, if any, is generally amortized over the remaining service to full eligibility of each plan participant active on the date of the amendment.
- Any Unrecognized Gain or Loss exceeding 10% of the APBO is subject to amortization. The minimum amortization is the excess divided by the average remaining service period of active plan participants.





## OVERVIEW OF FAS 106 (Continued)

Using the components above, the annual expense under FAS 106 equals:

- (a) Service Cost; plus
- (b) Interest Cost; minus
- (c) Expected Return on Plan Assets, if any; plus
- (d) Amortization (or one-time charge) of Transition Obligation; plus
- (e) Amortization of Prior Service Cost, if any; plus
- (f) Required Amortization of (Gains) or Losses.

In the initial year of compliance, (e) and (f) will be zero.

### Disclosure

The disclosure required by FAS 106 is quite extensive. It includes:

- Description of substantive plan(s).
- Components of expense.
- Reconciliation of plan's funded status.
- Assumed health care cost trend rate ("inflation").
- Economic assumptions used to develop costs.
- Effect of a one percentage point increase in inflation on:
  - The aggregate of the service and interest cost components of expense, and
  - APBO.
- Description of plan assets.
- Amount of gain or loss due to settlements/curtailments.
- Cost of providing special termination benefits.



## **Appendix C.2**



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NYNEX TELEPHONE COMPANIES  
EXG-1 FOR SFAS 106  
EFFECT OF TOTAL OPEB

REVENUE EFFECT	Interstate	Common Line	Traffic Sensitive	Special Access	Interexchange
Depreciation Expense	582,494	203,837	294,545	83,174	938
Expense Less Depreciation	35,295,051	17,593,390	12,644,214	4,763,221	294,176
Taxes Less FIT	229,759	118,448	76,836	31,813	2,640
Net Return	(1,224,682)	(492,733)	(550,308)	(178,030)	(3,655)
FIT	(630,898)	(253,833)	(283,492)	(91,713)	(1,883)
Uncollectible Revenue & Other Adj	0	0	0	0	0
Revenue Effect	34,251,724	17,169,109	12,181,795	4,608,466	292,216
Revenue Effect Adjusted by Godwins Factor of 84.8%	29,045,345	14,559,404	10,330,162	3,907,979	247,800

	Source			New Traffic Sensitive	Trunking	
Recasted Revenue Effect	WP OPEB, Pg. 2 & 5	29,045,345	14,559,404	4,554,943	9,683,198	247,800
Additional Annual Revenue Effect	WP OPEB, Pg. 2 & 5	20,979,643	8,927,044	3,811,181	8,109,800	131,618
Make-whole Revenue Effect	WP MAKE-WHOLE	20,979,643	8,927,044	3,811,181	8,109,800	131,618
Net Revenue Effect		41,959,286	17,854,088	7,622,362	16,219,600	263,236

RATE BASE

Total Plant in Service	7,419,041	2,988,568	3,405,935	1,015,276	9,259
Other Rate Base Items	(26,248,608)	(10,514,356)	(11,906,709)	(3,765,296)	(62,702)
Depreciation Reserve	280,837	118,606	124,270	37,598	364
Accum. Deferred Inc. Tax	(8,224,333)	(3,264,550)	(3,733,420)	(1,205,133)	(21,319)
Net Rate Base	(10,886,071)	(4,379,845)	(4,891,624)	(1,582,485)	(32,488)



NEW YORK TELEPHONE  
EXG-1 FOR SFAS 106  
EFFECT OF TOTAL OPEB

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REVENUE EFFECT		Interstate	Common Line	Traffic Sensitive	Special Access	Interexchange
Depreciation Expense		335,670	110,181	169,059	55,493	938
Expense Less Depreciation		23,877,157	11,942,813	8,081,743	3,558,420	294,176
Taxes Less FIT		209,364	105,503	70,123	31,097	2,640
Net Return		(825,805)	(318,221)	(369,711)	(134,219)	(3,655)
FIT		(425,415)	(163,932)	(190,457)	(69,143)	(1,883)
Uncollectible Revenue & Other Adj		0	0	0	0	0
Revenue Effect		23,170,971	11,676,343	7,760,756	3,441,649	292,216
Revenue Effect Adjusted by Godwins Factor of 84.8%		19,648,979	9,901,539	6,581,121	2,918,519	247,800
		New Traffic				
Source		Sensitive Trunking				
Recasted Revenue Effect	WP OPEB, Pg. 4	19,648,979	9,901,539	3,044,473	6,455,167	247,800
Additional Annual Revenue Effect	WP OPEB, Pg. 23	13,682,132	5,833,928	2,473,035	5,243,551	131,618
Make-whole Revenue Effect	WP MAKE-WHOLE	13,682,132	5,833,928	2,473,035	5,243,551	131,618
Net Revenue Effect		27,364,264	11,667,856	4,946,070	10,487,102	263,236
RATE BASE						
Total Plant in Service		4,039,885	1,508,122	1,878,664	643,837	9,259
Other Rate Base Items		(17,001,634)	(6,478,082)	(7,715,767)	(2,745,084)	(62,702)
Depreciation Reserve		159,299	61,220	72,581	25,135	364
Accum. Deferred Inc. Tax		(5,780,556)	(2,202,548)	(2,623,361)	(933,329)	(21,319)
Net Rate Base		(7,340,492)	(2,828,632)	(3,286,323)	(1,193,054)	(32,488)



NEW YORK TELEPHONE  
YEAR 1993

SFAS 106 Cost (Total OPEB) 277,400,000  
Pay As You Go 141,988,000  
Other Funding 0  
Liability At Year End 135,412,000

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	Benefits Clearing Factor	SFAS 106 Benefits Cleared	Pay As You Go	Total Company Incremental Cost	Percent Nonreg	Nonreg Amount	Amount Subject to Separations	Interstate Access Factor	Interstate Access Amount
6110 Network Support	0.0148%	41,193		41,193	3.2563%	1,341	39,852	25.8900%	10,318
6120 Gen'l Support	2.6729%	7,414,717		7,414,717	2.6098%	193,509	7,221,207	25.8900%	1,869,571
6210 & 6220 CO Switching & Operator Systems	8.9009%	24,691,007		24,691,007	0.0866%	21,382	24,669,624	27.4236%	6,765,299
6230 CO Transmission	3.6122%	10,020,166		10,020,166	0.0866%	8,677	10,011,488	27.4236%	2,745,511
6310 Info Orig/Term	7.3558%	20,404,889		20,404,889	31.5062%	6,428,805	13,976,084	25.3918%	3,548,779
6410 Cable & Wire Facilities	16.4998%	45,770,429		45,770,429	0.0002%	92	45,770,337	26.4938%	12,126,302
6510 Other Prop Plant & Equip Exp	0.0182%	50,461		50,461	3.0859%	1,557	48,904	26.6900%	13,053
6530 Network Operations	19.4534%	53,963,691		53,963,691	4.9887%	2,692,087	51,271,604	26.9361%	13,810,571
6560 Depreciation Exp				1,209,984	0.4730%	5,723	1,204,261	27.8735%	335,670
6610 Marketing	4.4467%	12,335,205		12,335,205	4.1502%	511,936	11,823,269	27.8000%	3,286,869
6621 & 6622 Operator Services	6.5168%	18,077,491		18,077,491	0.0000%	0	18,077,491	17.0643%	3,084,797
6623.1 Customer Accounting	1.4475%	4,015,275		4,015,275	3.3579%	134,829	3,880,446	5.3585%	207,934
6623.2 Business Office	13.9349%	38,655,390		38,655,390	2.9967%	1,158,386	37,497,004	16.2111%	6,078,677
6623.3 - .8 Customer Services -- Other	0.0000%	0		0	0.0000%	0	0	0.0000%	0
6710 Exec & Planning	0.4006%	1,111,178		1,111,178	4.2317%	47,022	1,064,156	16.3404%	173,887
6720 Gen'l & Admin	3.9556%	10,972,751	141,988,000	(131,015,249)	2.8964%	(3,794,726)	(127,220,523)	23.4588%	(29,844,408)
Total Operating Expense	89.2299%	247,523,841	141,988,000	106,745,825		7,410,621	99,335,205		24,212,827
Average Amount									
RATE BASE									
TPIS	10.7701%	29,876,159		14,938,080	0.5925%	88,508	14,849,571	27.2054%	4,039,885
Accumulated Depreciation				604,992	3.7642%	22,773	582,219	27.3607%	159,299
Pension Liability				67,706,000	3.0045%	2,034,227	65,671,773	25.8888%	17,001,634
Accumulated Deferred Taxes				(23,020,040)	3.0045%	(691,637)	(22,328,403)	25.8888%	(5,780,556)
Net Rate Base				(30,352,873)		(1,276,855)	(29,076,018)		(7,340,492)



NEW YORK TELEPHONE  
YEAR 1993  
TOTAL OPEB COST

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	Interstate Amount	Percent Common Line	Common Line Amount	Percent Traffic Sensitive	Traffic Sensitive Amount	Percent Special Access	Special Access Amount	Percent Interexchange	Interexchange Amount
6110 Network Support	10,318	10.7968%	1,114	65.4186%	6,750	23.4410%	2,419	0.3435%	35
6120 Gen'l Support	1,869,571	10.7968%	201,854	65.4186%	1,223,047	23.4410%	438,246	0.3435%	6,422
6210 & 6220 CO Switching & Operator Systems	6,765,299	8.3164%	562,629	71.7459%	4,853,825	19.5303%	1,321,283	0.4073%	27,555
6230 CO Transmission	2,745,511	8.3164%	228,328	71.7459%	1,969,791	19.5303%	536,206	0.4073%	11,182
6310 Info Orig/Term	3,548,779	99.6909%	3,537,810	0.0000%	0	0.3091%	10,969	0.0000%	0
6410 Cable & Wire Facilities	12,126,302	79.4541%	9,634,844	9.6907%	1,175,124	10.8358%	1,313,982	0.0194%	2,353
6510 Other Prop Plant & Equip Exp	13,053	42.5571%	5,555	42.3744%	5,531	14.8858%	1,943	0.1826%	24
6530 Network Operations	13,810,571	42.2773%	5,838,736	42.3227%	5,845,006	15.1775%	2,096,099	0.2225%	30,729
6560 Depreciation Exp	335,670	32.8241%	110,181	50.3646%	169,059	16.5320%	55,493	0.2793%	938
6610 Marketing	3,286,869	37.4468%	1,230,827	46.3205%	1,522,494	15.9953%	525,745	0.2374%	7,803
6621 & 6622 Operator Services	3,084,797	0.0000%	0	99.9805%	3,084,196	0.0000%	0	0.0195%	602
6623.1 Customer Accounting	207,934	81.2523%	168,951	13.8398%	28,778	4.9080%	10,205	0.0000%	0
6623.2 Business Office	6,078,677	33.8581%	2,058,124	19.7338%	1,199,554	39.1405%	2,379,224	7.2677%	441,780
6623.3 - .8 Customer Services -- Other	0	25.5305%	0	46.3230%	0	24.6881%	0	4.4401%	0
6710 Exec & Planning	173,887	38.8465%	67,549	43.2495%	75,205	17.1143%	29,760	0.7897%	1,373
6720 Gen'l & Admin	(29,844,408)	38.8465%	(11,593,508)	43.2495%	(12,907,557)	17.1143%	(5,107,662)	0.7897%	(235,681)
Total Operating Expense	24,212,827		12,052,994		8,250,801		3,613,913		295,114
RATE BASE									
TPIS	4,039,885	37.3308%	1,508,122	46.5029%	1,878,664	15.9370%	643,837	0.2292%	9,259
Accumulated Depreciation	159,299	38.4309%	61,220	45.5624%	72,581	15.7784%	25,135	0.2283%	364
OPEB Liability	17,001,634	38.1027%	6,478,082	45.3825%	7,715,767	16.1460%	2,745,084	0.3688%	62,702
Accumulated Deferred Taxes	(5,780,556)	38.1027%	(2,202,548)	45.3825%	(2,623,361)	16.1460%	(933,329)	0.3688%	(21,319)
Net Rate Base	(7,340,492)		(2,828,632)		(3,286,323)		(1,193,054)		(32,488)
Gross Receipts and Federal Income Tax Calculation									
Interstate Rate Base	(7,340,492)		(2,828,632)		(3,286,323)		(1,193,054)		(32,488)
Interstate Rate of Return	0.1125		0.1125		0.1125		0.1125		0.1125
Return on Rate Base	(825,805)		(318,221)		(369,711)		(134,219)		(3,655)
Interstate Expenses	24,212,827		12,052,994		8,250,801		3,613,913		295,114
Interstate Taxable Income	(825,805)		(318,221)		(369,711)		(134,219)		(3,655)
Interstate Federal Income Tax	(425,415)		(163,932)		(190,457)		(69,143)		(1,883)
Base to Calculate Gross Earnings Tax	22,961,607		11,570,841		7,690,633		3,410,552		289,576
Interstate Gross Earnings Tax	209,364		105,503		70,123		31,097		2,640
Total Revenue Requirement	23,170,971		11,676,343		7,760,756		3,441,649		292,216
Times Godwins .848	19,648,979		9,901,539		6,581,121		2,918,519		247,800
New TS % of TS + SA Baskets	32.05%				New Traffic Sensitive Amount		Trunking Amount		
TK % of TS + SA Baskets	67.95%								
Recasted Revenue Requirement	19,648,979		9,901,539		3,044,473		6,455,167		247,800



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NEW ENGLAND TELEPHONE  
EXG-1 FOR SFAS 106  
EFFECT OF TOTAL OPEB

REVENUE EFFECT	Interstate	Common Line	Traffic Sensitive	Special Access	Inter- exchange
Depreciation Expense	246,824	93,656	125,486	27,681	0
Expense Less Depreciation	11,417,894	5,650,577	4,562,471	1,204,801	0
Taxes Less FIT	20,395	12,945	6,713	716	0
Net Return	(398,877)	(174,512)	(180,597)	(43,811)	0
FIT	(205,483)	(89,901)	(93,035)	(22,570)	0
Uncollectible Revenue & Other Adj	0	0	0	0	0
Revenue Effect	11,080,753	5,492,765	4,421,039	1,166,817	0
Revenue Effect Adjusted by Godwins Factor of 84.8%	9,396,366	4,657,865	3,749,041	989,460	0

	Source		New Traffic Sensitive	Trunking	
Recasted Revenue Effect	WP OPEB, Pgs. 8, 11, 14, 17, & 20	9,396,366	4,657,865	1,510,470	3,228,031
Additional Annual Revenue Effect	WP OPEB, Pg. 23	7,297,511	3,093,116	1,338,146	2,866,249
Make-whole Revenue Effect	WP MAKE-WHOLE	7,297,511	3,093,116	1,338,146	2,866,249
Net Revenue Effect		14,595,022	6,186,232	2,676,292	5,732,498

RATE BASE

Total Plant in Service	3,379,156	1,480,446	1,527,271	371,439	0
Other Rate Base Items	(9,246,974)	(4,036,274)	(4,190,943)	(1,020,212)	0
Depreciation Reserve	121,538	57,386	51,689	12,463	0
Accum. Deferred Inc. Tax	(2,443,778)	(1,062,002)	(1,110,060)	(271,804)	0
Net Rate Base	(3,545,578)	(1,551,212)	(1,605,301)	(389,432)	0



NEW ENGLAND TELEPHONE COMPANY  
YEAR 1993

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SFAS 106 Cost (Total OPEB) 143,014,000  
Pay As You Go 67,187,000  
Other Funding  
Liability At Year End 75,827,000  
Wage % 100.00%  
PAYG % 100.00%

	Benefits Clearing Factor	SFAS 106 Benefits Cleared	Pay As You Go	Total NET Incremental Cost	Percent Nonreg	Nonreg Amount	Amount Subject to Separations	Interstate Access Factor	Interstate Access Amount
6110 Network Support		366,296		366,296		4,688	361,608		91,730
6120 Gen'l Support		2,151,709		2,151,709		43,636	2,108,073		529,462
6210 & 6220 CO Switching & Operator Systems		8,765,355		8,765,355		43,612	8,721,743		2,470,817
6230 CO Transmission		6,184,776		6,184,776		0	6,184,776		1,753,092
6310 Info Orig/Term		7,400,348		7,400,348		3,487,430	3,912,917		1,002,556
6410 Cable & Wire Facilities		23,249,205		23,249,205		0	23,249,205		6,698,588
6510 Other Prop Plant & Equip Exp		(38,318)		(38,318)		(165)	(38,153)		(10,333)
6530 Network Operations		21,704,250		21,704,250		626,289	21,077,962		5,975,102
6560 Depreciation Exp		0		854,233		2,742	851,490		246,824
6610 Marketing		8,565,008		8,565,008		360,992	8,204,016		2,195,986
6621 & 6622 Operator Services		11,258,773		11,258,773		0	11,258,773		1,874,707
6623.1 Customer Accounting		1,534,513		1,534,513		25,438	1,509,076		78,541
6623.2 Business Office		17,107,568		17,107,568		358,515	16,749,053		1,794,488
6623.3 - .8 Customer Services -- Other		778,534		778,534		1,682	776,852		94,434
6710 Exec & Planning		1,185,783		1,185,783		24,739	1,161,043		273,637
6720 Gen'l & Admin		8,833,965	67,187,000	(58,353,035)		(1,282,979)	(57,070,056)		(13,404,912)
Total Operating Expense		119,047,765	67,187,000	52,714,998		3,696,619	49,018,379		11,664,718
RATE BASE				Average Amount					
TPIS		23,966,235		11,983,117		45,766	11,937,352		3,379,156
Accumulated Depreciation				427,116		702	426,415		121,538
OPEB Liability				37,913,500		1,105,057	36,808,444		9,246,974
Accumulated Deferred Taxes				(10,060,640)		(303,675)	(9,756,965)		(2,443,778)
Net Rate Base				(16,296,859)		(756,318)	(15,540,541)		(3,545,578)



TOTAL NEW ENGLAND TELEPHONE  
YEAR 1993  
TOTAL OPEB COST

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	Interstate Amount	Percent Common Line	Common Line Amount	Percent Traffic Sensitive	Traffic Sensitive Amount	Percent Special Access	Special Access Amount	Percent Inter- exchange	Inter- exchange Amount
6110 Network Support	91,730		19,829		57,497		14,404		0
6120 Gen'l Support	529,462		115,845		330,041		83,576		0
6210 & 6220 CO Switching & Operator Systems	2,470,817		409,633		1,781,692		279,491		0
6230 CO Transmission	1,753,092		287,794		1,268,407		196,891		0
6310 Info Orig/Term	1,002,556		1,001,295		0		1,261		0
6410 Cable & Wire Facilities	6,698,588		4,436,000		1,446,602		815,985		0
6510 Other Prop Plant & Equip Exp	(10,333)		(4,947)		(4,347)		(1,083)		0
6530 Network Operations	5,975,102		2,757,000		2,564,339		553,763		0
6560 Depreciation Exp	246,824		93,656		125,486		27,681		0
6610 Marketing	2,195,986		973,504		980,552		1,933		0
6621 & 6622 Operator Services	1,874,707		0		1,874,707		0		0
6623.1 Customer Accounting	78,541		70,782		6,217		542		0
6623.2 Business Office	1,794,488		828,152		495,639		470,97		0
6623.3 - .8 Customer Services -- Other	94,434		27,154		55,664		11,16		0
6710 Exec & Planning	273,637		110,204		131,132		32,31		0
6720 Gen'l & Admin	(13,404,912)		(5,381,668)		(6,425,669)		(1,597,57)		0
Total Operating Expense	11,664,718		5,744,233		4,687,958		1,232,482		0
RATE BASE									
TPIS	3,379,156		1,480,446		1,527,271		371,439		0
Accumulated Depreciation	121,538		57,386		51,689		12,463		0
OPEB Liability	9,246,974		4,036,274		4,190,943		1,020,212		0
Accumulated Deferred Taxes	(2,443,778)		(1,062,002)		(1,110,060)		(271,804)		0
Net Rate Base	(3,545,578)		(1,551,212)		(1,605,301)		(389,432)		0
Gross Receipts and Income Tax Calculation									
Rate Base	(3,545,578)		(1,551,212)		(1,605,301)		(389,432)		0
Rate of Return	11.25%		11.25%		11.25%		11.25%		11.25%
Return on Rate Base	(398,878)		(174,511)		(180,596)		(43,811)		0
Revenue Conversion (Rate Base)	(648,941)		(284,078)		(293,723)		(71,225)		0
Gross Receipt Tax (Rate Base)	(3,856)		(1,795)		(1,734)		(301)		0
State Income Tax (Rate Base)	(40,726)		(17,871)		(18,355)		(4,544)		0
Federal Income Tax (Rate Base)	(205,483)		(89,901)		(93,035)		(22,570)		0
Expenses	11,664,718		5,744,233		4,687,958		1,232,482		0
Earning Effect (Exp)	7,208,261		3,548,239		2,898,362		761,632		0
Revenue Conversion (Exp)	11,729,694		5,776,844		4,714,760		1,238,043		0
Gross Receipt Tax (Exp)	64,977		32,611		26,802		5,561		0
State Income Tax (Exp)	743,105		368,113		296,499		78,493		0
Federal Income Tax (Exp)	3,713,348		1,827,880		1,493,097		392,357		0
Total Revenue Requirement	11,080,753		5,492,766		4,421,037		1,166,818		0
Times Godwins .848	9,396,367		4,657,866		3,749,040		989,461		0
New TS % of TS + SA Baskets					New Traffic Sensitive Amount		Trunking Amount		
TK % of TS + SA Baskets									
Recasted Revenue Requirement	9,396,367		4,657,866		1,510,470		3,228,031		0



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STATE OF MAINE  
EXG-1 FOR SFAS 106  
EFFECT OF TOTAL OPEB

REVENUE EFFECT	Interstate	Common Line	Traffic Sensitive	Special Access	Inter- exchange
Depreciation Expense	29,290	13,106	13,813	2,371	0
Expense Less Depreciation	928,305	502,187	345,493	80,624	0
Taxes Less FIT	(4,525)	(2,227)	(1,952)	(390)	0
Net Return	(30,458)	(14,991)	(13,140)	(2,628)	0
FIT	(15,691)	(7,723)	(6,769)	(1,354)	0
Uncollectible Revenue & Other Adj	0	0	0	0	0
Revenue Effect	906,922	490,352	337,446	78,623	0
Revenue Effect Adjusted by Godwins Factor of 84.8%	768,645	415,818	286,154	66,673	0
			New Traffic Sensitive	Trunking	
Recasted Revenue Effect	768,645	415,818	116,412	236,414	0
Additional Annual Revenue Effect	660,269	303,884	117,653	238,731	0
Make-whole Revenue Effect	660,269	303,884	117,653	238,731	0
Ongoing Revenue Effect	1,320,538	607,769	235,307	477,462	0
 RATE BASE					
Total Plant in Service	379,482	183,967	164,266	31,250	0
Other Rate Base Items	(840,305)	(409,561)	(363,661)	(70,614)	0
Depreciation Reserve	14,649	7,447	6,004	1,198	0
Accum. Deferred Inc. Tax	(204,734)	(99,786)	(88,603)	(17,205)	0
Net Rate Base	(270,738)	(133,254)	(116,796)	(23,358)	0



STATE OF MAINE  
YEAR 1993

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SFAS 106 Cost (Total OPEB) 13,137,342  
Pay As You Go 6,365,766  
Other Funding  
Liability At Year End 6,771,576  
Wage % 9.186%  
PAYG % 9.47%

		Benefits Clearing Factor	SFAS 106 Benefits Cleared	Pay As You Go	Maine Incremental Cost	Percent Nonreg	Nonreg Amount	Amount Subject to Separations	Interstate Access Factor	Interstate Access Amount
6110	Network Support	0.2700%	35,471		35,471	1.0514%	373	35,098	24.8813%	8,733
6120	Gen'l Support	1.2800%	168,158		168,158	0.9329%	1,569	166,589	24.8813%	41,450
6210 & 6220	CO Switching & Operator Systems	6.3300%	831,594		831,594	0.0000%	0	831,594	27.2770%	226,834
6230	CO Transmission	3.0300%	398,061		398,061	0.0000%	0	398,061	27.2770%	108,579
6310	Info Orig/Term	4.7300%	621,396		621,396	37.4896%	232,959	388,437	25.5783%	99,356
6410	Cable & Wire Facilities	14.2700%	1,874,699		1,874,699	0.0000%	0	1,874,699	28.4177%	532,746
6510	Other Prop Plant & Equip Exp	-0.1500%	(19,706)		(19,706)	1.9284%	(380)	(19,326)	26.8156%	(5,182)
6530	Network Operations	12.2900%	1,614,579		1,614,579	1.8435%	29,765	1,584,815	27.8104%	440,743
6560	Depreciation Exp	0.0000%	0		103,128	0.0925%	95	103,033	28.4282%	29,290
6610	Marketing	8.3400%	1,095,654		1,095,654	2.1564%	23,627	1,072,028	23.7846%	254,977
6621 & 6622	Operator Services	5.3600%	704,162		704,162	0.0000%	0	704,162	27.8991%	196,455
6623.1	Customer Accounting	1.1640%	152,919		152,919	1.2775%	1,954	150,965	5.1711%	7,807
6623.2	Business Office	12.9480%	1,701,023		1,701,023	1.4025%	23,857	1,677,166	11.7063%	196,334
6623.3 - .8	Customer Services - Other	0.6480%	85,130		85,130	0.1170%	100	85,030	12.6573%	10,763
6710	Exec & Planning	0.9600%	126,118		126,118	1.6308%	2,057	124,062	23.1014%	28,660
6720	Gen'l & Admin	7.6800%	1,008,948	6,365,766	(5,356,818)	1.4183%	(75,976)	(5,280,842)	23.1014%	(1,219,948)
	Total Operating Expense	79.1500%	10,398,206	6,365,766	4,135,569		239,998	3,895,570		957,596
RATE BASE					Average Amount					
	TPIS	20.8500%	2,739,136		1,369,568	0.0754%	1,033	1,368,535	27.7291%	379,482
	Accumulated Depreciation				51,564	0.0518%	27	51,538	28.4249%	14,649
	OPEB Liability				3,385,788	0.0000%	0	3,385,788	24.8186%	840,305
	Accumulated Deferred Taxes				(824,922)	0.0000%	0	(824,922)	24.8186%	(204,734)
	Net Rate Base				(1,242,862)		1,006	(1,243,868)		(270,738)



STATE OF MAINE  
SFAS No. 106 Incremental Cost  
TOTAL OPEB COST

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		Interstate Amount	Percent Common Line	Common Line Amount	Percent Traffic Sensitive	Traffic Sensitive Amount	Percent Special Access	Special Access Amount	Percent Inter- exchange	Inter- exchange Amount
6110	Network Support	8,733	20.0000%	1,747	67.3026%	5,877	12.6974%	1,109		0
6120	Gen'l Support	41,450	20.0000%	8,290	67.3026%	27,897	12.6974%	5,263		0
6210 & 6220	CO Switching & Operator Systems	226,834	22.2246%	50,413	69.2784%	157,147	8.4970%	19,274		0
6230	CO Transmission	108,579	22.2246%	24,131	69.2784%	75,222	8.4970%	9,226		0
6310	Info Orig/Term	99,356	99.9130%	99,269	0.0000%	0	0.0870%	86		0
6410	Cable & Wire Facilities	532,746	74.9013%	399,034	17.7898%	94,774	7.3089%	38,938		0
6510	Other Prop Plant & Equip Exp	(5,182)	52.0833%	(2,699)	39.5833%	(2,051)	8.3333%	(432)		0
6530	Network Operations	440,743	51.0567%	225,029	41.1439%	181,339	7.7994%	34,375		0
6560	Depreciation Exp	29,290	44.7452%	13,106	47.1591%	13,813	8.0957%	2,371		0
6610	Marketing	254,977	48.7311%	124,253	43.1832%	110,107	8.0858%	20,617		0
6621 & 6622	Operator Services	196,455	0.0000%	0	100.0000%	196,455	0.0000%	0		0
6623.1	Customer Accounting	7,807	90.8824%	7,095	7.6471%	597	1.4706%	115		0
6623.2	Business Office	196,334	43.6033%	85,608	25.9224%	50,895	30.4744%	59,832		0
6623.3 - .8	Customer Services -- Other	10,763	23.9766%	2,580	63.1579%	6,797	12.8655%	1,385		0
6710	Exec & Planning	28,660	43.8654%	12,572	46.9712%	13,462	9.1635%	2,626		0
6720	Gen'l & Admin	(1,219,948)	43.8654%	(535,135)	46.9712%	(573,024)	9.1635%	(111,790)		0
	Total Operating Expense	957,596		515,293		359,307		82,995		0
RATE BASE										
	TPIS	379,482	48.4785%	183,967	43.2868%	164,266	8.2348%	31,250		0
	Accumulated Depreciation	14,649	50.8344%	7,447	40.9862%	6,004	8.1794%	1,198		0
	OPEB Liability	840,305	48.7395%	409,561	43.2773%	363,661	8.4034%	70,614		0
	Accumulated Deferred Taxes	(204,734)	48.7395%	(99,786)	43.2773%	(88,603)	8.4034%	(17,205)		0
	Net Rate Base	(270,738)		(133,254)		(116,796)		(23,358)		0
Gross Receipts and Income Tax Calculation										
	Rate Base	(270,738)		(133,254)		(116,796)		(23,358)		0
	Rate of Return	11.25%		11.25%		11.25%		11.25%		11.25%
	Return on Rate Base	(30,458)		(14,991)		(13,140)		(2,628)		0
	Revenue Conversion (Rate Base)	60.106%		(50,674)		(24,941)		(21,861)		0
	Gross Receipt Tax (Rate Base)	0.00%		0		0		0		0
	State Income Tax (Rate Base)	8.93%		(4,525)		(2,227)		(1,952)		0
	Federal Income Tax (Rate Base)	34.00%		(15,691)		(7,723)		(6,769)		0
	Expenses			957,596		515,293		359,307		82,995
	Earning Effect (Exp)	60.106%		575,572		309,722		215,965		49,885
	Revenue Conversion (Exp)	60.106%		957,596		515,293		359,307		82,995
	Gross Receipt Tax (Exp)	0.00%		0		0		0		0
	State Income Tax (Exp)	8.93%		85,513		46,016		32,086		7,411
	Federal Income Tax (Exp)	34.00%		296,508		159,554		111,255		25,699
	Total Revenue Requirement			906,922		490,352		337,446		78,623
	Times Godwins	84.80%		768,645		415,818		286,154		66,673
	New TS % of TS + SA Baskets	32.99%								
	TK % of TS + SA Baskets	67.01%								
						New Traffic Sensitive Amount		Trunking Amount		
	Recasted Revenue Requirement			768,645		415,818		236,414		0



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STATE OF MASSACHUSETTS  
EXG-1 FOR SFAS 106  
EFFECT OF TOTAL OPEB

REVENUE EFFECT	Interstate	Common Line	Traffic Sensitive	Special Access	Inter- exchange
Depreciation Expense	148,547	50,912	78,756	18,878	0
Expense Less Depreciation	7,776,739	3,686,421	3,175,574	914,745	0
Taxes Less FIT	(28,567)	(11,828)	(13,280)	(3,459)	0
Net Return	(271,207)	(112,293)	(126,079)	(32,836)	0
FIT	(139,713)	(57,848)	(64,950)	(16,915)	0
Uncollectible Revenue & Other Adj	0	0	0	0	0
Revenue Effect	7,485,798	3,555,364	3,050,021	880,413	0
Revenue Effect Adjusted by Godwins Factor of 84.8%	6,347,957	3,014,948	2,586,418	746,590	0
			New Traffic Sensitive	Trunking	
Recasted Revenue Effect	6,347,957	3,014,948	980,251	2,352,757	0
Additional Annual Revenue Effect	4,820,076	1,973,028	828,683	2,018,364	0
Make-whole Revenue Effect	4,820,076	1,973,028	828,683	2,018,364	0
Net Revenue Effect	9,640,152	3,946,057	1,657,366	4,036,729	0
RATE BASE					
Total Plant in Service	2,094,991	860,698	977,609	256,685	0
Other Rate Base Items	(6,112,515)	(2,517,684)	(2,849,697)	(745,140)	0
Depreciation Reserve	72,953	33,044	31,724	8,186	0
Accum. Deferred Inc. Tax	(1,679,751)	(691,872)	(783,111)	(204,768)	0
Net Rate Base	(2,410,726)	(998,157)	(1,120,700)	(291,873)	0



STATE OF MASSACHUSETTS  
YEAR 1993

SECTION 2.1  
APPENDIX C  
WORKPAPER OPEB  
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SFAS 106 Cost (Total OPEB) 98,115,690  
Pay As You Go 45,577,761  
Other Funding  
Liability At Year End 52,537,930  
Wage % 68.606%  
PAYG % 67.84%

		Benefits Clearing Factor	SFAS 106 Benefits Cleared	Pay As You Go	Mass. Incremental Cost	Percent Nonreg	Nonreg Amount	Amount Subject to Separations	Interstate Access Factor	Interstate Access Amount
6110	Network Support	0.2400%	235,478		235,478	1.3664%	3,218	232,260	24.3066%	56,455
6120	Gen'l Support	1.5500%	1,520,793		1,520,793	2.1385%	32,522	1,488,271	24.3066%	361,748
6210 & 6220	CO Switching & Operator Systems	6.2100%	6,092,984		6,092,984	0.5711%	34,797	6,058,187	27.1856%	1,646,955
6230	CO Transmission	4.3200%	4,238,598		4,238,598	0.0000%	0	4,238,598	27.1856%	1,152,288
6310	Info Orig/Term	5.2700%	5,170,697		5,170,697	48.7260%	2,519,474	2,651,223	25.2940%	670,600
6410	Cable & Wire Facilities	16.2800%	15,973,234		15,973,234	0.0000%	0	15,973,234	28.6142%	4,570,613
6510	Other Prop Plant & Equip Exp	-0.0200%	(19,623)		(19,623)	0.3247%	(64)	(19,559)	27.1037%	(5,301)
6530	Network Operations	15.8100%	15,512,091		15,512,091	3.1908%	494,960	15,017,131	27.6841%	4,157,358
6560	Depreciation Exp	0.0000%	0		533,163	0.4093%	2,182	530,980	27.9759%	148,547
6610	Marketing	5.1600%	5,062,770		5,062,770	5.5275%	279,845	4,782,925	26.6886%	1,276,496
6621 & 6622	Operator Services	8.5400%	8,379,080		8,379,080	0.0000%	0	8,379,080	13.4341%	1,125,654
6623.1	Customer Accounting	1.0113%	992,207		992,207	1.7019%	16,886	975,320	5.1642%	50,367
6623.2	Business Office	12.1713%	11,941,918		11,941,918	1.9324%	230,766	11,711,152	10.1687%	1,190,872
6623.3 - .8	Customer Services -- Other	0.4575%	448,855		448,855	0.2539%	1,140	447,716	11.3838%	50,967
6710	Exec & Planning	0.7700%	755,491		755,491	2.2134%	16,722	738,769	22.7563%	168,116
6720	Gen'l & Admin	6.5700%	6,446,201	45,577,761	(39,131,560)	2.3408%	(915,992)	(38,215,568)	22.7563%	(8,696,449)
	Total Operating Expense	84.3400%	82,750,773	45,577,761	37,706,175		2,716,456	34,989,720		7,925,285
RATE BASE					Average Amount					
	TPIS	15.6600%	15,364,917		7,682,459	0.5035%	38,681	7,643,777	27.4078%	2,094,991
	Accumulated Depreciation				266,581	0.2151%	573	266,008	27.4252%	72,953
	OPEB Liability				26,268,965	4.2067%	1,105,057	25,163,908	24.2908%	6,112,515
	Accumulated Deferred Taxes				(7,218,847)	4.2067%	(303,675)	(6,915,172)	24.2908%	(1,679,751)
	Net Rate Base				(11,634,241)		(763,274)	(10,870,967)		(2,410,726)